

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency

P.O. Box 2415

Washington, DC 20013-2415

Notice FC-61

1955-A, 1951-S, 1955-C

For: State and County Offices

Liquidation Holding Period

Approved by: Deputy Administrator, Farm Credit Programs

Carolyn B. Cooks

1 Overview

A

Background

The Federal Agriculture Improvement and Reform Act of 1996 (1996 Act) requires FSA to market inventory properties within 105 calendar days from the date of acquisition.

B

Purpose

This notice provides information and guidance in implementing the 105-calendar-day requirement in determining:

- foreclosure bids
- voluntary conveyance acceptance
- inventory disposal.

This notice replaces the letter dated May 28, 1996, entitled "Exception Procedure for Determining Bid Amounts in Foreclosures on Illiquid Properties".

C

Contact

Direct any questions regarding this notice to Chris Greenwalt, LSPMD, through the Area Office.

Disposal Date

July 1, 1997

Distribution

State Offices; State Offices relay to County Offices and Ag Credit Teams

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2 Action

A Implementation

The following provides guidance on the implementation and application of the 105-calendar-day marketing period to loan servicing actions by FSA.

Ag Credit officials shall:

- continue to complete Exhibit G-1 of FmHA Instruction 1955-A when determining the Agency's bid at foreclosure sales and considering voluntary conveyances of real estate
- document on a county, area, or State basis, depending on the information available, the reduction, if any, from the present market value appraisal because of limited marketing time, based on a market analysis of comparable sales with similar marketing periods.

Note: This reduction will be deducted directly below line 1 on Exhibit G-1. The basis of the analysis should include a review of sales from foreclosure, estate, and other types of sales that required a reduced marketing time. Documentation for any reduction will contain, as a minimum:

- the typical marketing period
 - present market value
 - distressed sales price
 - reason for the reduced marketing time
 - percentage reduction.
- The holding period will be limited to 105 calendar days, which is the maximum amount of time allowed by the 1996 Act. Sale price of inventory property may be modified to reflect any necessary reduction to the present market value because of the 105-calendar-day marketing time, if applicable. This limitation may not affect the present market value, depending on the typical marketing period for the area.
 - States where title does not vest in the Government until the redemption period expires, and with redemption periods in excess of 90 calendar days, shall add the 105 calendar days to the redemption period to determine the holding period to be used on Exhibit G-1. States without redemption periods, or with redemption periods of 90 calendar days or less, shall use the 105-calendar-day holding period.